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BUSINESS

Collection falls short by Rs331bn in July-December

FBR raises Rs6.159tr against projection of Rs6.490tr

By Mubarak Zeb Khan

ISLAMABAD: The Federal Board of Revenue missed its revenue collection target by nearly Rs331 billion in the first half of 2025-26, driven by a fall in domestic sales tax and income tax collection.

The FBR collected Rs6.159 trillion during July-December period against the target of Rs6.490tr. However, the collection is 10pc higher compared to the year-ago figure of Rs5.618tr.

The revenue shortfall is primarily attributed to a slowdown in domestic sales tax collection, driven by several factors. The decline was also recorded in the income tax collection during 1HFY26.

As a result of these factors, the revenue collection fell short of target by Rs21bn in December FY26 to Rs1.425tr against the projected target of Rs1.446tr. However, it recorded a growth of 7.38pc when compared with the last year collection of Rs1.327tr in December FY25.

The IMF, in its last review, has already revised down the FBR's annual tax collection target by Rs150bn. However, this shortfall could widen further if economic activity fails to rebound in the coming months.

In the FY25, the FBR missed its revenue collection target by nearly Rs163bn after two-times downward revision and collected Rs11.737tr against the revised target of Rs11.900tr. However, the collection reflects a year-on-year growth of 26.19pc from Rs9.301tr in FY24.

In line with its commitments under the International Monetary Fund (IMF) programme, the government has introduced additional revenue measures totalling Rs1.05tr in the last budget. These include Rs655bn in new tax initiatives and Rs400bn through intensified enforcement. The revenue collection target for fiscal year 2025-26 is Rs14.131tr.

The FBR issued Rs293bn in refunds and rebates to taxpayers during July-December FY26, up from Rs277bn a year earlier, an increase of 5.77pc.

During July-December FY26, income tax collection reached Rs3.26tr, falling short of target by Rs161bn against the target of Rs3.187tr. This reflects a 9pc increase from Rs2.778tr collected last year.

Sales tax collection stood at Rs2.086tr, showing a shortfall of Rs172bn against the projection of Rs2.258tr. However, grew 10pc over last year's Rs1.897tr. Customs duty collection stood at Rs642bn against the target of Rs654bn, though it grew by 8pc compared to Rs596bn last year.

The Federal Excise Duty collection reached Rs400bn against the projected target of Rs391bn and a growth of 16pc from last year's Rs347bn.

PTCL to participate in 5G spectrum auction

By Kalbe Ali

ISLAMABAD: Hatem Bamatraf, President and Group CEO of PTCL and Ufone, announced on Wednesday that PTCL, along with the merged telecom entity of Ufone and Telenor Pakistan, will take part in the upcoming 5G spectrum auction.

He hoped that the concerns of the telecom industry would be addressed and the spectrum would be offered under favourable terms during the auction.

Mr Bamatraf was addressing a press conference with the management of Telenor Pakistan, where they formally announced PTCL's acquisition of 100pc of Telenor Pakistan's issued share capital and Orion Towers for Rs108bn.

Unresolved \$800m issue

The PTCL CEO did not comment on the unresolved issue regarding the \$800 million withheld by Etisalat since 2006, when the UAE-based company took control of PTCL. The Pakistani government still holds 62pc of PTCL's shares, with the remaining 38pc divided between Etisalat (26pc) and public investors (12pc).

Telenor Pakistan and Orion Towers are now fully owned subsidiaries of PTCL, alongside Pak Telecom Mobile Ltd (Ufone) and U Microfinance Bank. Telenor Pakistan will continue to operate as a separate legal entity for the next 5-6 months before integrating with Ufone as a merged entity (MergeCo), subject to approval from the Pakistan Telecommunication Authority (PTA) and the Islamabad High Court.

Mr Bamatraf said the merged company would optimise spectrum resources, expand network capabilities, and deliver seamless, secure, digitally enabled services aligned with Pakistan's digital ambitions.

He also assured Telenor Pakistan employees that there would be no job losses due to the merger, emphasising respect for talent and the integration of industry best practices.

Following PTCL's acquisition of Telenor Pakistan, the merged entity, which includes Ufone, will become the country's second-largest telecom operator, with approximately 35pc of the subscriber base. Jazz Pakistan will remain the market leader

with 37pc, while Zong will retain its position as the third-largest operator.

Acting CEO

In another development, the newly formed board of Telenor Pakistan appointed Awais Vohra as acting CEO.

Mr Vohra, a founding member of Telenor Pakistan's launch team, was previously the company's Chief Technology Officer. Telenor Pakistan, now an autonomous subsidiary of PTCL, completed all necessary regulatory approvals to finalise the acquisition.

PTA annual report

The Pakistan Telecommunication Authority's Annual Report 2024-25 shows telecom revenues exceeding Rs1 trillion, up 12pc year-on-year. Subscribers crossed 200 million, broadband users topped 150m, and coverage exceeded 92pc. Fiscal contributions rose to Rs402bn, while investment reached \$838m. Data usage surged to 27,727 petabytes. However, PTA official Naveed Butt said high electricity costs and dollar-linked government payments continue to strain operators despite revenue growth.

PM launches economic governance reforms

Insists 'firefighting' is over as 142 reform actions rolled out

ISLAMABAD: Prime Minister Shehbaz Sharif on Wednesday launched the government's Economic Governance Reforms, saying Pakistan had moved out of "economic firefighting" after two years of politically difficult decisions that, he claimed, restored macroeconomic stability, pushed inflation down to 4.5 per cent and lifted foreign exchange reserves to over \$21 billion.

Speaking at the launch ceremony, the prime minister said the government inherited an economy in early 2024 marked by nearly 30pc inflation, critically low reserves, weakened state institutions and Pakistan's marginalisation from global economic engagement. He said the scale of the crisis left no room for shortcuts or populism.

PM Shehbaz said restoring stability required "hard choices" that spared no political constituency, including the withdrawal of "unsustainable" subsidies, tighter

fiscal discipline, stronger public financial management and the start of long-delayed privatisation reforms. "These were not cosmetic fixes but unavoidable structural reforms," he said.

The prime minister said inflation had fallen from 29.2pc to 4.5pc, while foreign exchange reserves had increased from \$9.2bn to over \$21bn. He said the current account position improved from a \$3.3bn deficit to a \$1.9bn surplus, and Pakistan moved from a primary deficit to a primary surplus while narrowing the overall fiscal deficit.

He said revenue reforms were beginning to address long-standing distortions, with the tax-to-GDP ratio rising from around 8pc to over 10pc and more than one million new taxpayers added to the formal economy.

Tax collection grew by 26pc in 2025, he said, attributing part of the improvement to large-scale digitisation.

He said the e-procurement platform, ePADS, now covered more than 1,000 federal agencies and over half a million contracts, and was integrated in real time with the Federal Board of Revenue,

Nadra and the Securities and Exchange Commission of Pakistan.

He said the privatisation of Pakistan International Airlines and First Women Bank marked a break from decades of inaction, with further state-owned enterprise reforms under way. Pakistan's stabilisation and reform momentum, he added, had been acknowledged by international credit rating agencies and development partners.

"With macroeconomic indicators stabilised, our focus now shifts to accelerating growth, expanding exports and making Pakistan a far easier place to do business," the premier said, describing the agenda as a shift from crisis management to institution-building.

PM Shehbaz said the reforms comprised 142 actions—including 59 priority reforms and 83 complementary measures—to be implemented by 58 institutions within defined timelines. He said key areas included taxation, energy, privatisation, state-owned enterprises, pensions, tariff rationalisation, regulatory simplification, rightsizing of the federal government and digital governance.

Calling the programme a "home-grown" and "irreversible" agenda aimed at embedding stability into institutions and enabling sustainable, private-sector-led growth, the prime minister said: "The people of Pakistan have paid a heavy price. We cannot return to business as usual, and we will not look back."

Earlier, Finance Minister Muhammad Aurangzeb presented an overview of the framework and recent economic indicators. He said GDP growth reached 3.1pc in FY25 and accelerated to 3.71pc in the first quarter of FY26, while inflation remained around 5pc in the first five months of FY26 despite climate-related shocks.

He said fiscal discipline had been reinforced through consecutive primary surpluses, including a 2.7pc surplus of GDP, while the tax-to-GDP ratio rose to 10.2pc in FY25, the highest in 25 years. Public debt declined to about 70pc of GDP from 75pc in FY23, he said, while early debt repayments generated interest savings of Rs3.5 trillion. The policy rate, he added, had been reduced to 10.5pc from 22pc in June 2024.

—APP



NEW YORK: Traders wear '2026' glasses as they work on the floor of the New York Stock Exchange at the opening bell on Wednesday. —AFP

Financial inclusion stands at 58.1pc

By Our Staff Reporter

KARACHI: The State Bank of Pakistan (SBP) has launched the Pakistan Financial Inclusion Index (P-FII), revealing that the country's overall financial inclusion level stands at 58.1 per cent for 2024.

According to an SBP report, the P-FII comprehensively measures the state of financial inclusion in the country by evaluating access, usage, and quality of financial services.

The development of financial inclusion indices is becoming a growing trend among central banks to assess the inclusivity, effectiveness, and outreach of financial sectors in serving the broader population.

SBP began developing the P-FII in 2023 with a research study to review the data parameters and methodologies used by various central banks and multilateral organisations.

This was followed by extensive consultations with both domestic and inter-

national stakeholders to refine and finalise the P-FII.

"To achieve this objective, SBP is implementing a comprehensive National Financial Inclusion Strategy (NFIS) for the 2024-28 period to broaden access to financial services nationwide and enhance their usage and quality," the SBP said. "As outlined in this strategy, the development of P-FII underscores SBP's commitment to informed, evidence-based policymaking," it added.

The P-FII offers a detailed evaluation of financial inclusion across 69 indicators, covering banking, non-banking, and payment services provided by banks and financial institutions. These indicators assess factors such as financial sector infrastructure, the usage of financial products and services, and the quality of those services. The index has been developed in line with international best practices, benchmarking each indicator against a defined target value that represents SBP's projected outcome for 2030.

PSX closes last session of 2025 on bearish note

• Profit-taking dampens market sentiment • Index posts 51pc gain in outgoing calendar year; second-best frontier market

By Muhammad Kashif

KARACHI: The Pakistan Stock Exchange (PSX) ended the final session of 2025 on a negative note, as profit-taking interrupted a three-day record-setting rally on Wednesday.

The benchmark KSE-100 index dropped by 418.47 points, or 0.24 per cent, closing at 174,054.32.

According to Topline Securities Ltd, investors opted to lock in gains at elevated levels, pushing the index into the red. Cement stocks led the decline, particularly after DG Khan Cement announced the establishment of a letter of credit for a new 11,000-tonne-per-day clinker production line, Pakistan's largest.

Market participants feared this could prompt price wars if other companies followed suit.

The day's biggest decliners included Lucky

PAKISTAN STOCK EXCHANGE

THE TOP FIVERS

GAINERS

PIA Holding CoB1776.42

Rafhan Maize119.76

Unilever Foods105.67

Khyber Textile72.58

Atlas Honda65.66

LOSERS

Hafiz Limited48.23

Premium Textile43.04

Pakistan Services35.87

Supernet Techno34.19

Sapphire Fibres18.02

LEADERS*

K-Electric95.89

PIA Holding Co61.81

PIBT47.66

Trust Securities47.11

Worldcall Telecom43.92

(Share values in rupees)

* Volume in millions of traded shares

ACTIVITY

Total listed532

Active481

Gainers221

Losers223

PARTICIPANTS

Foreign▼\$1.26m

Companies▲\$1.43m

Banks▼\$5.40m

Mutual Funds▼\$1.03m

Individuals▲\$14.33m

INDICATORS

Wednesday

Previous

Change

KSE 100-SHARE INDEX (Points)174,054.32174,472.80▼418.48

KSE 30-SHARE INDEX (Points)53,302.9353,490.51▼187.58

MARKET CAPITAL (Rs billion)19,689.88719,692.657▼2.770

TRADING VALUE (Rs billion)44.23044.902▼0.672

Cement, Fauji Fertiliser, National Bank, DG Khan Cement, Cherat Cement, and Fauji Cement, which collectively wiped out 592 points from the index.

Despite the downturn, market participation remained strong, with

trading volumes rising by 12.47pc to 957.23 million shares. However, the traded value dipped by 1.49pc to Rs44.23 billion. K-Electric led the volume chart with 99.89m shares traded.

Despite the session's

loss, the KSE-100 recorded a 4.43pc month-on-month gain, buoyed by a surprise 50bps rate cut by the State Bank of Pakistan to 10.5pc in December.

Other significant developments in December

included Saudi Arabia extending its \$3bn deposit for another year, a slight dip in November's CPI to 6.15pc, and a 9pc YoY rise in remittances to \$3.2bn.

In its 2025 market performance report, Arif

Habib Ltd highlighted the KSE-100 index's impressive 51pc YoY return, making it the second-best frontier market in dollar terms.

This robust performance follows two consecutive years of double-digit growth: 55pc in 2023 and 84pc in 2024. Over the last three years, the index delivered a cumulative return of 249pc, the highest among global markets during that period.

Key drivers of the market rally included improved macroeconomic conditions, sustained corporate fundamentals, and increased liquidity. Earnings growth remained strong, with full-year profits expected to increase by 10-11pc.

The year also saw seven IPOs and key mergers and acquisitions, including the PTCL-Telenor deal and Engro's acquisition of Deodar Towers, and ownership stake sales in Lotte Chemical Pakistan Ltd and Mitchells.

High-cost loan repayment saves billions

ISLAMABAD: The National Assembly Standing Committee on the Economic Affairs Division was informed on Wednesday that the repayment of high-cost loans has resulted in significant savings for the government, amounting to billions of rupees in reduced interest payments.

The committee's recommendations on the retirement of such loans were endorsed by the finance ministry, which informed lawmakers that this approach has contributed to improved fiscal management and a more sustainable public debt position.

The committee further recommended that the government work towards bringing the policy rate to a single-digit level to ease borrowing costs and support economic activity.

The committee meeting, chaired by Mirza Ikhtiar Baig, was informed that the European Union's GSP+ scheme plays a pivotal role in supporting Pakistan's economic growth by granting enhanced trade preferences aimed at promoting sustainable development and adherence to 27 international conventions on human rights, labour standards, environmental protection, and good governance.—Amin Ahmed

\$ US DOLLAR BUYING Rs280.39 SELLING Rs281.15	€ EURO BUYING Rs328.35 SELLING Rs331.49
£ GBP BUYING Rs376.45 SELLING Rs380.00	د.ا UAE DIRHAM BUYING Rs76.47 SELLING Rs77.25
﷼ KSA RIYAL BUYING Rs74.74 SELLING Rs75.36	24K GOLD TOLA Rs456,962 10 GMS Rs391,771